

***DIGITAL FINANCIAL LITERACY, AND FINANCIAL TECHNOLOGY: CASE STUDIES OF FACULTY OF ECONOMICS UNIVERSITY 17 AUGUST 1945 SAMARINDA***

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**ABSTRACT**

This research was conducted with the aim of knowing how much the level of financial literacy in students of Economics, University of 17 August 1945 Samarinda, and the authors wanted to know whether there was an influence of the level of financial literacy on interest in using Financial Technology products. This type of research is descriptive quantitative research using probability random sampling techniques with student respondents majoring in management accounting study program. In this study, the data analysis used was descriptive analysis and multiple regression analysis using JASP. The results of this study indicate that (1) the level of digital financial literacy has a significant effect on buying interest in financial technology products, (2) which indicates that financial behavior has no significant effect on buying interest. in financial technology products.

**Keywords :** Financial Literacy, Financial Behavior, Purchase Interest in Financial Technology Products

**INTRODUCTION**

The issue of financial literacy is the focus of government policy not only in our country but also abroad or in other countries in the world, so that it not only improves people's welfare but also aims to provide broad knowledge and insight to society. With a view of life that is far into the future, making people change their mindset to remain successful will be the main target. Evidence from the immediate crisis showed that people were taking financial products - and

risks - they didn't fully understand. (Klapper *et al.*, 2013)

Disclosure (Nidar and Bestari, 2012) several factors that affect individual financial literacy, including: personal demography, social and economic characteristics, experience in financial management, financial education, opinion, social status, and geographic location (Lusardi and Mitchell, 2014). Apart from the benefits of financial literacy, the latest literature reveals that most people still have low levels of financial literacy.

Although financial literacy can clearly be a factor in avoiding financial risks, it is also important to take advantage of financial opportunities. Research has shown that financial literacy is associated with higher rates of retirement and saving planning (Lusardi and Mitchell, 2014).

Coordinating Minister for Economic Affairs, Airlangga Hartarto said that the growth of Indonesia's financial technology (fintech) industry was the fastest in Southeast Asia. In fact, Airlangga predicts that the fintech industry in 2025 will be able to generate USD 100 billion. The rapid growth of fintech in the country cannot be separated from the increasing use of digitalization by the community. Especially digital payments, e-commerce, online transportation services, distribution of goods, and others. Financial Literacy or knowledge of finance has become a knowledge that is closely related to everyday life. This is because in practice, everyone will tend to use this knowledge to be able to manage their finances, either for consumption needs or for their work business. Therefore, this knowledge is absolutely necessary for everyone so that they can make wiser and more accurate financial decisions. (Tri Ratnawati *et. al.*, 2017)

Financial literacy is also related to other concepts such as financial capability, education, awareness, etc. Knowledge of basic financial concepts is useless unless reflected in financial behavior (Atkinson and Messy, 2012).

The economic sector can develop in line with individual needs as well as experiencing development. This is

because financial knowledge or what is often called financial literacy is one of the aspects that must be considered by developed and developing countries. Almost all developed countries and especially developing countries conducted the National Financial Literacy Survey (SNLIK), Indonesia also conducted a survey conducted by the Financial Services Authority (OJK) in 2019 showing the financial literacy index reached 38.03%. the 2016 OJK survey, namely the financial literacy index of 21.8%. In developed countries, including America, Canada, Japan and Australia, are currently conducting financial literacy education to the public, especially students, with the hope of increasing the level of public financial literacy. Students will face new problems and environments that have never been experienced before and students must also be able to manage and manage their finances independently. (Badrun, 2019)

In the last few decades we have seen strong growth in digital innovation, especially in Financial Technology (FinTech). However, traditional players (financial institutions) in the new financial sector are slowly starting to participate in new technological innovations (Brandl and Hornuf, 2017). This means that it will begin to switch to newer technology by introducing banking products with more up-to-date technology. Fintech is a digital financial business scope that provides financial services by utilizing modern software and technology. Fintech is engaged in various fields such as

payments, investment, financing and financial research. According to Chrismastianto (2017), Financial Technology is defined as a form of merging all technology sectors in the financial sector which is used to facilitate trading and business activities in the form of services for its users (Ion and Alexandra, 2016)

Around the world, mobile banking apps have changed the way we view and manage finances. This year, 90 percent of mobile users will make mobile payments using smartphones and total transactions made via mobile devices are projected to increase by 121 percent by 2022.

FinTech promotes higher efficiency in financial services and serves as an effective means of reaching the unbanked. This allows for greater access to digital financial services and products that will benefit the poor and other disadvantaged groups (Klapper *et. al.*, 2013). Although there has been a recent acquisition of FinTech Companies by banks, most FinTech start-ups are not bank dependent and are open for investment purposes. Because many banks, apart from the big well-known banks, still offer outdated, expensive, and impractical financial services (Brandl and Hornuf, 2017). Namun, penggunaannya harus ditemani konsumen yang *Digital Financial Literacy*.

In addition, the use of Digital Financial Literacy (DFL) is influenced by the use of the internet and cell phones. Meanwhile, Millennials are a generation that uses digital technology and Fintech a lot. Siva-sankaran (2017). Siva-sankaran (2017) found

that most millennials in India have access to digital social media and 50% of them are influenced by social media in purchasing decisions. In addition, DFL can also be influenced by social characteristics or socioeconomic status such as age, income and education.

Looking at the phenomenon between digital financial literacy, financial behavior in determining the interest in buying financial technology above, we can conclude that financial literacy is needed to increase understanding of finance and student interest in deciding which products to choose from financial technology (fintech).

Financial literacy, in the brightness of the new business reality, is the ability to adequately oversee financial resources during the life cycle and connect effectively with financial products and services. In business, decision making must be rational and based on available information. This implies that it is imperative that business managers and individuals have a reasonable level of knowledge of the information available to make sound decisions.

Financial literacy content is also a combination of consumers 'or investors' understanding of financial products and concepts as well as their ability and confidence to appreciate financial risks and opportunities to make informal choices, know where to seek help and take other effective actions to invest their finances in a well-being (Abdullah and Chong, 2014). Financial literacy according to the Financial Services Authority (OJK) is knowledge, skills and confidence that affect attitude and

behavior to improve quality in decision making and financial management in order to achieve prosperity (POJK, 2016: 3). Meanwhile, Digital Financial Literacy is a curriculum prepared by the OJK through books, e-books, animated videos, interactive games and other forms of education in order to support the growth of sustainable financial literacy and inclusion rates.

Financial Behavior studies how humans actually behave in a financial determination. In particular, study how psychology affects financial decisions, companies and financial markets (Nofsinger and Baker, 2010), The concept of financial behavior is an approach that explains how people invest or save and are consumptive influenced by psychological factors. Financial behavior is closely related to the application of financial literacy. Based on the findings of the respondents' answers to the financial behavior variable, it is known that the highest average is 4.1593 on the indicator comparing prices before buying with my statement that I always shop at the most affordable price of goods (Brandl and Hornuf, 2017). Financial literacy, understood as the mastery of a set of knowledge, attitudes and behaviors, has taken a fundamental role in enabling and enabling people to make responsible decisions as they strive to achieve financial well-being (Ani *et. al*, 2016), levels of financial literacy among different groups, the influence of financial literacy on financial planning and behavior, and the impact of financial education (Goyal, 2020).

Financial Technology (Fintech) is the result of a combination of financial services and technology that ultimately changes the business model from conventional to moderate, which initially requires meeting or face-to-face payments and bringing a certain amount of cash, now it can be done with remote transactions by making payments that can be done in seconds (www.bi.go.id). And the objective of Financial Technology (Fintech) is Bank Indonesia to regulate the implementation of financial technology to encourage innovation in the financial sector by applying the principles of consumer protection and risk management and prudence in order to maintain monetary stability, financial system stability and an efficient, smooth, and efficient payment system. safe and reliable (PBI, 2017: 4) There are six Fintech business models implemented by startup growth, such as: payments, wealth management, crowdfunding, lending, capital markets, and insurance services (Lee and Shin, 2018).

### **Hypothesis**

- H1: Digital Financial Literacy has a positive and significant effect on Financial Technology in students of the Faculty of Economics, University of 17 August 1945 Samarinda
- H2: Financial behavior has a positive and significant effect on the interest in using Financial Technology products for students of the Faculty of Economics, University of 17 August 1945 Samarinda

### **The effect of financial literacy on interest in using financial technology products**

Financial skills and the overall insight that a person has to be able to manage their finances is called financial literacy (Asandimitra and Kautsar, 2020). Tingkat literasi keuangan pada mahasiswa berada dalam kategori rendah (Margaretha, 2015). Asandimitra and Kautsar, (2020) argues that the research conducted shows that the results of measuring the level of financial literacy in students are still classified as sufficient or far from the optimum category, even approaching the low category so that the financial literacy of students must be improved again. In this study, it can be seen that students of Putera Batam University, especially students of the Management study program, about the degree to which they understand finance and have a good level of financial literacy and are interested in technology financial products is very necessary. In line with the research of Nurul et al. (2020), the variable of financial knowledge has a significant value, this shows that financial knowledge has a positive effect on the interest in transacting using fintech.

### **Effect of financial behavior on interest in using Financial Technology products**

Financial behavior is part of the application of financial literacy which is believed to have a positive impact on one's financial well-being. Gradually, the person's conscious behavior shows in making decisions, comparing opportunity costs and

looking for alternatives in minimizing waste. The same thing is also reinforced by it is the rational nature of humans that what is beneficial to itself will encourage to behave. The impression of ease of use of fintech does not have a positive and significant effect. It is generally recognized that attitudes toward computer use are a significant determinant of intention to use fintech. However, the impression of ease does not encourage the intention to take advantage of fintech. Even though fintech is perceived as easy, if the benefits are low, SMEs do not intend to use it. The implementation problem has not been proven to have an effect on preventing SMEs from using fintech. Public awareness of the importance of security has not been a consideration, this is because the public has never felt the impact of cyber risk. It is realized that the problem of fintech implementation is a risk that has a negative effect on fintech adoption intentions (Ion and Alexandra, 2016).

### **METHOD**

In this study using quantitative research with a descriptive approach. The quantitative research method is one type of research whose specifications are systematic, well-planned and clearly structured from the start to the making of the research design (Sugiyono, 2016). This descriptive research method is carried out to determine the existence of independent variables, either only in one or more variables without making comparisons with other variables.

The type of questionnaire used by

the author in this study is a questionnaire with a Likert scale system of one to five (five point Likert scale). The Likert scale is carried out using a 5-point Likert scale as follows: (1) Strongly Agree Answers get a score of 5, (2) Agree answers get a score of 4, (3) Neutral answers get a score of 3, (4) Disagree answers get a score of 2, (5) Strongly Disagree answers with a score of 1.

The research location is on the campus of the University of 17 August 1945 Samarinda, East Kalimantan. The subject of the research that the writer will research is at the University of 17 August 1945 Samarinda specifically for students of the Faculty of Economics, semester III, V, VII, both Management Study Program and Accounting Study Program who have participated in Financial Management, Financial Report Analysis, Financial Accounting.

## RESULTS AND DISCUSSION

The results of the descriptive analysis describe the descriptive data obtained, for the mean (average) value, the X<sub>1</sub> Digital Financial Literacy variable is 22.36, the X<sub>2</sub> Variable Financial Behavior is 10.69, the Y Financial Technology variable is 22.26, at the Median, variable X<sub>1</sub> Digital Financial Literacy is 22 Variable X<sub>2</sub> Financial Behavior is 10 variables Y Financial Technology is 20.

The reliability test results for the Cronbach's  $\alpha$  scale variable Digital Financial Literacy, Financial Behavior and Financial Technology have a value > 0.60 shown in (table 2). The

cronbach's alpha value for the Digital Financial Literacy variable is 0.642, the Financial Behavior variable is 0.806, and the financial technology variable is 0.892. So that the answers to the questionnaire or data provided by respondents have met the criteria and can be declared reliable

The results of the tolerance value calculation in (Table 3) show that there are no independent variables that have a tolerance value of 0.390, which means less than 0.10, which means there is no correlation between the independent variables. The results of the VIF calculation also show the same thing, namely that there is no independent variable that has a VIF value of more than 10.00 so it can be concluded that there is no multicollinearity and can be used in research.

The analysis model used in this study is multiple regression analysis to determine the direction and magnitude of the influence of the independent variable on the dependent variable.

The value of B Unstandardized Coefficient in table 4 shows that each variable can be entered into a multiple regression model with the following equation:

$$Y = 22,260 + 0,792X.1 + 0,351X.2$$

The multiple regression equation can be interpreted that the values of  $\alpha = 22.260$  and 0.804 are constant numbers which indicate that accounting understanding is not determined by the variable Digital Financial Literacy, Financial behavior and at  $BX.1 = 0.804$  indicates that

Digital Financial Literacy has a positive influence on Financial Technology, where every time there is an increase in Digital Financial Literacy by 1, the interest in purchasing Financial Technology products will increase by 0.792.  $BX.2 = 0.351$  indicates that Financial Behavior has a positive influence on Purchase Intention for Financial Technology products, where every time there is an increase in Financial Behavior by 1, it will affect the understanding of Financial Technology product purchase interest will increase by 0.351.

Partially, the analysis variable has different effects and probability values. t test results for the Digital Financial Literacy variable show the t value for this variable is -4,395. The comparison with t table is 4.395 and a significance value ( $0.001 < 0.050$ ). So, it can be concluded that Digital Financial Literacy partially has a significant effect on purchasing interest in Financial Technology products. The Financial Behavior variable shows the t value for this variable of 1.475. The comparison with t table is 1.475 and the significance value ( $0.142 < 0.050$ ). So, it is concluded that partially financial behavior does not have a significant effect on the purchase intention of financial technology products.

Based on the value of the correlation coefficient (R) shows how closely the relationship of the independent variable (Digital Financial Literacy and Financial Behavior) to the dependent variable (Purchase interest in Financial Technology products), the magnitude

of the correlation coefficient value is 0.675. This value indicates that the relationship between the variable Digital Financial Literacy (X1) and Financial Behavior (X2) with the interest in purchasing financial technology product variables is close or strong, which is 67.5%, which is obtained by the R2 Square figure of 0.455 or 45.5%, this shows the contribution of influence. independent variable (Digital Financial Literacy and Financial Behavior) on the dependent variable (interest in purchasing Financial Technology products) while the remaining 54.5% is influenced and or explained by variables not included in this variable.

### **The Influence of Digital Financial Literacy on Purchase Intention for Financial Technology products**

Based on the results of hypothesis testing using the partial test (t test), it was found that Digital Financial Literacy (X1) had a significant effect on the purchase interest of Financial Technology products (Y). This can be seen from the significance value on the t test for the Digital Financial Literacy variable (X1) of 0.001 or less than the level of significance ( $\alpha$ ) of 0.05. Based on this, the first hypothesis which reads "Digital Financial Literacy has an effect on purchasing interest in Financial Technology products is proven to be true and can be stated as **accepted**."

The results of the analysis show that the influence of Digital Financial Literacy has an effect on the interest in purchasing Financial Technology products. This means that the higher

the Digital Financial Literacy owned by the students of the Faculty of Economics, University of 1945 Samarinda, the higher the interest in purchasing these Financial Technology products. The results in this study are in line with the findings of a study conducted by Faizah *et al*, (2020) who examined students of the Islamic economics and business faculty at UIN STS Jambi. The research analysis technique used in this study is a non-probability technique. The results of this study show that the Financial Literacy variable has a tcount significance value of 0.019 which is smaller than 0.05, this indicates that consumer knowledge has a positive effect on the interest in transactions using fintech.

### **Effect of Financial Behavior on Purchase Intention for Financial Technology products**

Based on the results of testing the hypothesis using the partial test (t test), it is found that Financial Behavior (X2) does not have a significant effect on the purchase intention of Financial Technology products (Y). This can be seen from the significance value on the t test of the Financial Behavior variable (X2) of 0.143 or greater than the level of significance ( $\alpha$ ) of 0.05. Based on this, the first hypothesis which reads "Financial behavior affects the purchase intention of Financial Technology products is proven true and can be declared **Rejected**.

The results of the analysis show that the influence of financial behavior

has no effect on the purchase intention of financial technology products. This means that it is not proven when students have financial behavior automatically they have an interest in purchasing financial technology products.

The results in this study are in line with Brigitta Azalea Pulo Tukan. The results of the research findings that have been carried out by the hypothesis test that have been conducted show that a person's understanding of financial technology products and services and the use of financial technology has no effect on that person's financial behavior. This is due to the inadequate understanding and use of financial technology by Lecturers of the Faculty of Economics and Business, Jakarta Veteran National Development University.

### **CONCLUSION**

Based on the research and discussion carried out above, the following conclusions can be drawn:

1. That Digital Financial Literacy (X1) has a significant influence on the purchase intention of Financial Technology (Y) products.
2. Financial Behavior (X2) does not have a significant effect on the purchase intention of Financial Technology products (Y).

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